

THIRD PARTY RELOCATION SERVICE

What is it?

A relocation management company that provides relocation assistance to employees.

The following is a list of the options you may select under the third party relocation services contract:

- Guaranteed Home Purchase Program
- Home Marketing Assistance
- Management of Household Goods/Shipment and Storage
- Home Search Assistance
- Mortgage Counseling

Additional services that are available at employees' expense

- Rental Home Finding
- Spouse Employment Counseling

Description of Services:

Guaranteed Home Purchase Program- The Guaranteed Home Purchase Program gives transferring employees a chance to sell their houses to a relocation contractor at appraised values. The advantages to the program are :

- assured sale of your home
- your equity is available once you accept the offer and not delayed until settlement
- you do not have to submit a travel voucher for reimbursement and
- none of the selling costs are deducted from your equity

It is important to keep in mind that this is an option. Employees may and should still try to sell their homes. Generally, the offer you receive through your realtor will be higher than the appraised price. This option is available within the 2 year time limitation for completion of real estate transactions. However, once you reject a guaranteed home purchase offer from the relocation company, you will not be eligible for this service again for this PCS authorization.

Buyer/ Rental Home Finding Service- The buyer home finding service provides you with information about the area to which you are transferring. The relocation management specialist will work with you to identify neighborhoods and communities in the new location that meet your needs for pricing, schools, commute, taxes, and other activities. They can also refer you to real estate brokers in the area.

Mortgage Counseling- The Mortgage Counseling service will provide you with information regarding national and local mortgage programs that best address your financial objectives and qualifications. This counseling will also include information on the types and availability of financing in your destination area, rates and fees, and qualification requirements.

Spouse Employment Counseling- The spouse employment counseling is to help your spouse identify options for employment in your new location. This service includes job search strategies, family counseling assistance, preparation of a resume, and analysis of skills.

Guidelines -

To be eligible for the guaranteed home purchase program, the residence must be your primary residence from which you commute daily to work at the time you are officially notified of the transfer. In addition, the employee will have to pay a pro-rata share of the contract cost if:

- a. Title is shared with a person who is not a member of your family, including divorced or legally or separated spouses, at the time the employee is notified of his move or at the settlement date, who own a share in the employee's residence, will be considered an unrelated joint owner.
- b. The home is a multi-family dwelling unit, for example, a duplex or four-plex.
- c. The home is partially used for commercial activities.
- d. The home has land in excess of that which reasonably relates to the residence site, the Government will pay only the proportional share of the contract price which reasonably relates to the house itself. The employee will be responsible for paying the difference.

Homes that would not be eligible for guaranteed home purchase program are:

- a. Homes that are not insurable.
- b. Homes contaminated by a toxic substance, including radon gas which cannot be corrected.
- c. Mobile homes, even if affixed to real property.
- d. Cooperatives and houseboats.
- e. Homes on which construction has not been completed.
- f. Homes that are not adequately serviced by portable water or sanitary waste facilities.

- g. Homes that do not have foundations.
- h. Homes that cannot be financed, either by Federal or conventional financing.
- o. Homes that do not comply with State and local codes.

The employee owning any of the above-mentioned properties may still be eligible for other services.

Requesting Third Party Relocation Services

- o Forward completed DOE Form 1500.6, Employee Application Request for Relocation Service, to the office scheduling your PCS move. Please be sure to include the complete address of the property being sold, including zip codes and current phone numbers, including phone number for your new duty station (if known).
- o A procurement request is prepared. Once approved, it is forwarded to procurement for processing. Processing time is approximately one week.
- o After the relocation management company is notified by procurement, they will contact the employee within one working day to thoroughly explain the various services, clarify those applicable to you, and get your relocation services underway.

Placing Your Home on the Market

In an effort to possibly obtain an outside offer for your residence, DOE requires that you market your property for at least thirty (30) days, twenty-one (21) of which must be after the date of the Guaranteed Appraised Value Offer.

The relocation management company will work with you prior to listing your home for sale by:

- recommending a broker
- analyzing the market for your home
- reviewing competing and recently-sold properties
- suggesting a listing price and terms
- identifying any repairs or improvements that may expedite the sale of your home

If you choose to select your own real estate broker, make sure the broker is a member of a Multiple Listing Service, understands third party relocation services, and knows the real estate market in the immediate vicinity of your residence.

To preserve your eligibility for the guaranteed home purchase program, you will need to protect

yourself from an unearned broker's commission should you accept the Guaranteed Appraised Value Offer. Therefore, when you list your home, the following exclusion clause must be included in the listing agreement you sign.

"The seller(s) hereby reserve(s) the right to (1) sell the property directly to Associates Relocation Management Company, Inc. or a designated affiliate ("ARMC") at any time, and in such events, to cancel this listing agreement with no obligation for a commission or continuation of listing thereafter; or (2) turn over an acceptable written offer hereunder to Associates Relocation Management Company, Inc. for closing and payment of commission which shall be deemed earned and payable only upon closing of title, in accordance with the terms thereof."

Appraisal Process

An appraisal is an estimate (opinion) of value that is prepared by an independent professional appraiser who is familiar with all the factors that may affect the value of that which is being appraised. By definition, appraising is not an exact science. There are several kinds of real estate appraisals, including replacement (reconstruction) value, insurance value, and market value.

The relocation appraisal is done to determine the anticipated sales price of a residential house, using the market value approach. This takes into account the volatility of housing markets. The standard marketing time is 120 days. If the marketing time where your residence is located is less than 120 days, the appraised value may be adjusted upward. Conversely, if the marketing time typically exceeds 120 days, this may be reflected in a reduction to the appraised value.

Under the guaranteed home purchase service, a fair market value is established using the average of two market value appraisals obtained by the contractor. If these appraisals differ by more than 5 percent of the higher appraisal, a third appraisal is ordered. The average of the two closest appraisals will be the contractor's offer to the employee. It is very important for the employee to play an active role in the selection of the appraisers. An approved list of appraisers will be provided by the contractor for the employee to make at least two selections. The employee may prefer to use an appraiser who is not on the list. If the appraiser is approved by the contractor, the employee's separate selection may be used. Even when selections are made from the contractor's list, the employee should become familiar with each appraiser's methods and history.

Here are a few ideas that could better prepare you before being contacted by the relocation contractor or appraiser:

- a. Obtain information about appraisers that meet the contractor's requirements so you can make an informed decision on which appraisers to choose.
- b. Contact potential appraisers to determine their familiarity with the area where

your residence is located and experience doing relocation appraisals.

- c. Have available any comparable sales of homes in the area that appraisers should consider. Ensure that each appraiser receives this information.
- d. Have the exclusion clause typed into the body of the listing agreement, not just an attachment.
- e. Be sure the home shows to your best advantage and makes a good impression on both buyers and appraisers.
- f. Be knowledgeable about rental rights in the area, such as a time requirement for the issuance of a notice to vacate. A date must be established with the renters to vacate before the offer is accepted.
- g. Make sure the appraisers are aware of any special features or improvements in your home such as a new roof, energy efficient furnace, solar heat, etc.

The Guaranteed Offer

When the appraisals and other inspections are completed, approximately 30 days after the selection of the appraisers, the relocation management company will call you to make a verbal guaranteed offer. The same day, a contract of sale for the guaranteed appraised value offer amount (along with copies of the appraisals and inspections) will be mailed to you.

- o You have sixty (60) calendar days after the date of the verbal offer to accept the guaranteed offer.
- o You are required to market your property for at least thirty (30) days, twenty-one (21) of which must be after the date of the verbal Guaranteed Offer.
- o You may appeal the appraised value or if you sell the house you may amend the value. You must appeal or have an amended offer within the 60 day acceptance period.

Reconsideration Process for Guaranteed Appraised Value Offer:

The relocation management company will provide you standard procedures to request a reevaluation of the “appraised value” offer. The written instructions will be provided in the

package submitted with the appraised value offer. **Reevaluation requests must be completed during the 60 day acceptance period.**

Ask your relocation counselor for further details, if needed. If you think the appraisers missed some important information, ask the listing realtor with which you have your independent listing to research properties and suggest others that may be more applicable. Give this information to your relocation company's counselor.

The best indicators of your home's value in the current market are the offers you receive from interested buyers who respond to your independent listing.

If your home is listed quite a bit higher than your guaranteed offer, analyze the market activity of your home. Have you had many lookers, but no offers? Perhaps you should lower the list price. Have you had one or more offers near your guaranteed offer amount? Use the security for the guaranteed offer to negotiate with your outside buyers, and try to obtain an amended value offer. Your relocation counselor will help you determine the best negotiating strategy.

Remember that you have 60 days to consider the relocation company's offer and to find a buyer who will pay you more. Use that time, and your "safety net" guaranteed offer to market and negotiate aggressively for an amended value offer.

Amended Value Programs

The amount of the contractor's guaranteed offer is the minimum amount you should consider from any potential buyer. If you receive an offer from an outside buyer you may use one of the two options available under the Amended Value Program. These options are:

- (1) Amend from Zero Program - used if you receive an outside offer **before** the appraisal process with the relocation contractor is complete
- (2) Amended Value Sale - used if you receive an outside offer **after** the appraisal process is complete, but before you have accepted the Guaranteed Appraised Value Offer

If you receive an outside offer you should immediately contact the relocation management company. Do not sign any documents or accept any earnest money; doing so will make you ineligible for the Amended Value Programs.

Amended Sale Guidelines:

- o All negotiations with the buyer must be conducted through the relocation company.

- o If the contract requires any buyer inspection contingencies, these must be satisfied before the contractor can accept the offer.
- o The contractor will not accept any offer into the amended value program that is contingent on the sale of the buyer's residence. In addition, financing must be available to the buyer.
- o Any expenses not reimbursable under the Federal Travel Regulation requirements for reimbursement of real estate expenses will be deducted from the outside offer amount. These include, but are not limited to points, repairs, real estate commission exceeding the standard for the area and/or any closing expenses you agree to pay that are not customarily paid by the seller.
- o You will be charged for any carrying costs beyond 60 days from the date you accept the Guaranteed Appraised Value, or to vacate, whichever is later, so do not accept any contracts that call for closing the sale after that time.
- o Once the contractor has reviewed the outside offer and determined it is bona fide, the contractor will amend its Guaranteed Appraised Value Offer price to reflect the net value of your home established by the submitted contract.
- o Upon receipt of all necessary documents from you, the relocation contractor will complete the acquisition of your property and then resell the home to the buyer. The contractor will calculate and forward your equity to you within five (5) working days of the acceptance date.

Home Marketing Incentive Program

A home marketing incentive program of three percent of the selling price, not to exceed \$9,000, will be paid to a transferring employee who uses the Department's relocation services contract and finds a bona fide buyer for their residence that results in an amended value transaction. This program is effective for procurement requests which were approved as of 07/20/98.

Home Marketing Incentive Program Guidelines:

- o The employee must enter their residence in the Department's homesale program;
- o The employee is responsible for marketing their residence, either independently or using a real estate broker;
- o A bona fide buyer for the employee's residence is found as a result of the employee's marketing efforts

- o The title of the residence must be transferred to the relocation services company; and
- o The Department must pay the amended value transaction fee to the relocation services company as a result of the employee's marketing effort
- o The incentive payment will not be made until the Department has received the voucher from the relocation contractor indicating the percentage fee charged for home purchase is for an amended value transaction.



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Authority: 5 U.S.C. 5738 and 20 U.S.C. 905(c).

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